

Message Text

UNCLASSIFIED

PAGE 01 VANCOU 00444 120034Z

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 ICA-20 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-01 INR-10 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 DOE-15 SOE-02 DODE-00 PA-02 /122 W
-----090126 121409Z /46

R 112330Z APR 78

FM AMCONSUL VANCOUVER
TO SECSTATE WASHDC 4149
INFO AMEMBASSY OTTAWA
ALL OTHER CONGENS POUCH

UNCLAS VANCOUVER 0444

E.O. 11652: N/A

TAGS: EFIN, ECON, CA

SUBJECT: BRITISH COLUMBIA FY-78/79 BUDGET

1. BRITISH COLUMBIA'S SOCRED GOVERNMENT ANNOUNCED ITS FY-78/79 BUDGET ESTIMATES ON APRIL 10. BUDGET IS BALANCED AT CDOLS4.28 BILLION, WITH EXPECTED SPENDING INCREASED BY 9.8 PERCENT OVER LAST FISCAL YEAR. MAJOR ELEMENTS CONSIST OF RETURN OF B.C. SALES TAX TO 5 PERCENT FROM CURRENT 7 PERCENT, CREATION OF JOBS AND AID TO SMALL BUSINESS. HEALTH AND EDUCATION, EACH EARMARKED FOR OVER CDOLS 1 BILLION, WILL ACCOUNT FOR HALF OF THE TOTAL SPENDING ESTIMATES.

2. GOC OFFER TO FUND TWO PERCENTAGE POINT CUT IN B.C. SALES TAX FOR SIX MONTHS (ESTIMATED VALUE CDOLS115 - 120 MILLION) HAS BEEN MATCHED BY B.C. FINANCE MINISTER WOLFE FOR AN ADDITIONAL SIX-MONTH PERIOD. IN FACT, WOLFE SAID B.C. GOVERNMENT IS PUTTING NO TIME LIMIT ON THE SALES TAX CUT WHICH WILL BE IN EFFECT "FOR A FULL YEAR, AT LEAST." WOLFE EXPRESSED HOPE THE TAX CUT CAN BE MADE PERMANENT.

3. IN ADDITION TO THE GENERAL SALES TAX CUT, VARIOUS TAX REDUCTIONS AMOUNTING TO AN ESTIMATED CDOLS20 MILLION WERE ANNOUNCED FOR SMALL UNCLASSIFIED

UNCLASSIFIED

PAGE 02 VANCOU 00444 120034Z

BUSINESS. THESE INCLUDE A ONE-YEAR EXEMPTION FROM SALES TAX ON PRODUCTION MACHINERY AND EQUIPMENT AND ON CERTAIN FARM AND FISHERIES EQUIPMENT, AND RAISING THE EXEMPTION LIMIT ON CORPORATION CAPITAL TAX FROM CDOLS100,000 TO CDOSL500,000. THE LATTER BENEFIT IS ESTIMATED TO LIFT THE TAX ENTIRELY FROM SOME 13,000 FIRMS, OR 70 PERCENT OF THOSE PREVIOUSLY REQUIRED TO PAY IT.

4. THE JOB CREATION PACKAGE AIMS AT EMPLOYING 10,000 PEOPLE UNDER ACCELERATED GENERAL OPERATIONS AND SOCIAL PROGRAMS. THE TOTAL COST OF CDOL\$76 MILLION WILL COME FROM THE FY-76/77 GOVERNMENT BUDGET SURPLUS.

5. ONLY NEW REVENUE MEASURES ANNOUNCED WERE A DOUBLING OF THE CIGARETTE TAX AND INTENDED PRICES INCREASES ON LIQUOR AND WINE WHICH WILL ALSO CONTINUE TO BE SUBJECT TO THE 7 PERCENT SALES TAX.

6. FINANCE MINISTER WOLFE SAID AT NEWS CONFERENCE FOLLOWING BUDGET RELEASE THAT B.C. SHOULD EXPERIENCE 5 PERCENT REAL GROWTH IN 1978 AND A "MODERATE" REDUCTION IN UNEMPLOYMENT FROM THE CURRENT 8.5 PERCENT RATE. HE EXPECTS INFLATION IN B.C. TO BE ABOUT 7.5 PERCENT THIS YEAR, A SLIGHT INCREASE OVER 1977.

7. NOT SURPRISINGLY, RETAILERS ARE REPORTEDLY "EXULTANT" OVER THE SALES TAX CUT. POLITICAL OPPOSITION LEADERS, APPARENTLY FINDING LITTLE ELSE TO CRITICIZE, ARE POINTING OUT THAT THE SOCIALISTS HAVE MERELY RESTORED THE SALES TAX LEVEL TO WHAT IT WAS BEFORE ASSUMING POWER IN 1975 AND ARE SUGGESTING THAT THE BENNETT GOVERNMENT MAY BE CONSIDERING AN ELECTION CALL LATER THIS YEAR.

LUPPI

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCE, EQUIPMENT, BUDGET ESTIMATES, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 11 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978VANCOU00444
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780157-0526
Format: TEL
From: VANCOUVER
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780467/aaaacffh.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 958c61b2-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2999733
Secure: OPEN
Status: NATIVE
Subject: BRITISH COLUMBIA FY-78/79 BUDGET
TAGS: EFIN, ECON, CA
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/958c61b2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014